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ABSTRACT

The relationship between strategic planning and environmental determinism was investigated at the University of Minnesota. The central proposition was that for a particular type of institution (a liberal arts college of a large public university), the strategic planning process will not be strategic either in the sense of being environmentally oriented, or in the sense of moving significant resources from lower to higher priority programs. This proposition was tested through an analysis of the program priority setting process and an empirical study of the impact of strategic planning on resource allocations to the 42 departments of the college. Strategic planning had more impact than predicted. There was consensus concerning criteria to be used to set program priorities in this college of diverse disciplines. Decision-makers were virtually unanimous in agreeing on the priority of quality and on the rankings of programs. In turn, the movement of resources was affected by these priorities, with significant movement from low to high priority programs. Included are an explanation of the five-steps of the strategic planning process, the university planning process, 1975-1984; and criteria utilized for program planning. (SW)

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STRATEGIC PLANNING IN AN ORGANIZED ANARCHY: THE EMPEROR'S NEW CLOTHES?

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Prepared for the ASHE Annual Meeting
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This paper was presented at the Annual Meeting of the Association for the Study of Higher Education held at the Gunter Hotel in San Antonio, Texas, February 20-23, 1986. This paper was reviewed by ASHE and was judged to be of high quality and of interest to others concerned with the research of higher education. It has therefore been selected to be included in the ERIC collection of ASHE conference papers.

Citing key trends influencing the future of higher education, *The Chronicle of Higher Education* states that, "In response to enrollment pressures, campus officials will turn increasingly to the techniques of 'strategic planning'..." (Sept. 4, 1985, p 3). Many academic managers have already embraced these techniques as the best available for adapting their institutions to a changing, and increasingly competitive environment. Despite an abundance of claims from proponents of strategic planning, there have been few rigorous attempts to assess its actual impact. In fact, the research and perspectives of key scholars in the field of higher education would caution us from expecting too much from this most recent of managerial techniques. Emphasizing the loosely-coupled, anarchic, and conflictful nature of academic organizations, these authors would lead us to expect that strategic planning will not be able to significantly affect the adaptation of a university to its changing external environment.

The central proposition of the following study was that for a particular organizational type - a liberal arts college of a large public university- the strategic planning process will not be strategic either in the sense of being environmentally oriented, or in the sense of moving of significant resources from lower to higher priority programs. This proposition was tested through an analysis of the program priority setting process and an empirical study of the impact of strategic planning on resource allocations to the 42 departments of this liberal arts college.

Literature Review

Strategy and Anarchy

Strategy, in its various forms- strategic planning, strategic management, strategic thinking, strategic vision- has come to dominate management approaches, first in business, and more recently in higher education. The literature on strategy in higher education has grown exponentially. While fewer than six articles appeared in the literature before 1978 relating strategic planning to higher education, since then 168 have dealt with strategic planning and management and higher education, and 1267 citations were found to strategy and higher education (Keinath,1985, p.2).

Strategy comes from the Greek meaning "office or command of a general, generalship"(Oxford English Dictionary, p.3084) In its common usage and definition implies leadership and clear authority: specific goals: and the careful and exacting coordination of units. From its military origins through its adaptation to business, the term conjures up an image of a general staff (or the CEO and board) constructing a campaign to accomplish critical objectives, and then setting the members of the

organization into coordinated motion to effectively achieve these ends. Colleges and departments in this model would adapt their program offerings to achieve the strategic vision guiding the institution.

The opposite of strategy is anarchy, from the Greek meaning " without a chief or head" and refers to the "absense of government: a state of lawlessness due to the absense or inefficiency of the supreme power. . . absense or non-recognition of authority and order in any sphere . . . conflict of opinion"(ibid, p.321). A significant subset of organizational theorists approaching the modern university have highlighted its fragmented, dissonant nature.

A major focus of this inquiry is to determine which of these metaphors is most apt for representing recent planning efforts in the liberal arts college of a large public university.

Strategic Planning and Management

Keller (1983), Cope (1981) and Kotler and Murphy (1981) provide three of the most cited perspectives on strategic planning. What these and many other authors offer is testimony and guidance for managers seeking to adapt their institutions to competitive or declining conditions. Definitions of what strategic planning entails vary form author to author. The two quoted below are fairly representative:

" Strategic planning may be defined as the process(es) of matching the threats and opportunities of the present and future external environment with the distinctive competencies of an organization in such a way as to develop a differential advantage. Its purpose is to carve out a niche in the external environment in which the organization can successfully compete and improve its performance" (Arns, 1982, p.2).

" Strategic planning is defined as the process of developing and maintaining a strategic fit between the organization and its changing marketing opportunities" (Kotler and Murphy, 1981,p.471).

The following 5-steps represent the common elements of most descriptions of the strategic process. This process is illustrated in Figure One, and described in some detail below:

1. Academic managers look at key trends in the environment and assess the threats and opportunities these trends pose;
2. They assess their institution's strengths and weaknesses;
3. Based on their institution's mission and the fit between their opportunities and strengths, they set a strategic direction;
4. Program priorities are set, and
5. Resources are reallocated from the low priority to high priority programs.

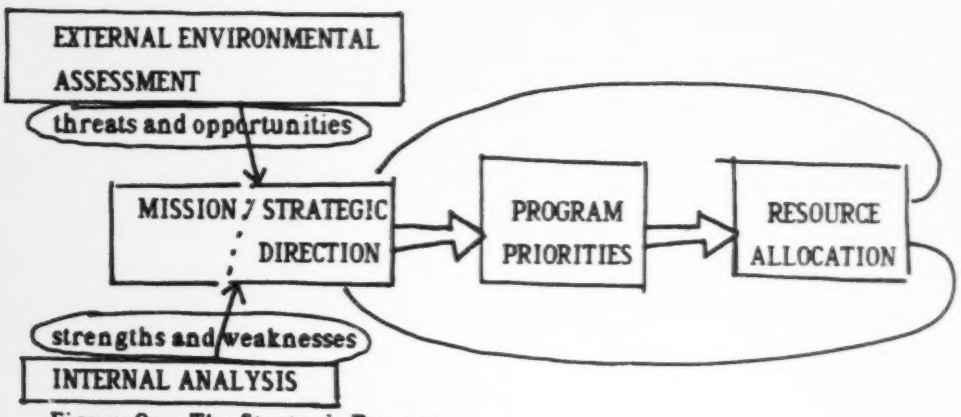


Figure One: The Strategic Process

External Environmental Assessment

One of the distinguishing characteristics of strategic planning is the careful attention it pays to the changing external environment surrounding the institution. Its popularity comes from its promise to enable academic decision-makers to "enhance their ability to steer a course in a changing external environment . . .[and] to exploit the new and different opportunities of tomorrow" (Morrison, et. al.,1983, p.8). It looks outward more than other planning approaches. This effort to be sensitive to the environment is formalized in "environmental scanning," a set of techniques for monitoring trends in the social, economic, political, and technological environment(s). The information from these trend analyses provides a picture of the threats and opportunities ahead for the institution. Like a radar system, scanning enables decision-makers to detect changes ahead, and to adjust course.

Internal Analysis

Internal analysis directs attention to the strengths and weaknesses of the institution's programs. "The assessment of external phenomena reveals what the campus might do or, in some instances, what it should do. On the other hand, the assessment of internal strengths and capabilities. . . provides an indication of what the university can do or, conversely, what it cannot do in a quality fashion" (Shirley and Volkwein, 1978,p.85). The emphasis here is generally on the quality of the programs offered, usually relying on some prestige ranking system.

Mission and Strategic Direction

A mission statement sets the context for both the external assessment and internal analysis. It defines in broad terms what the institution is about, e.g. its emphasis on graduate or undergraduate training, the relative importance of teaching, research and service. However, to the extent that it is an "all things to all people" statement, it

does not offer much. Strategic direction- the midrange goals - to be pursued by the college emerge out of the fit between mission, external threats and opportunities and internal strengths and weaknesses (ibid. p. 86).

Program Priority Setting

Strategic direction requires the growth of certain academic programs and the decline of others. A critical step in strategic planning is establishing "(a) the overall inventory of academic programs to be offered, and (b) the relative priorities to be placed on those programs" (ibid. p). By building the high priority programs and dropping the low priority ones, the institution develops its differential advantage and carves out a niche for itself in the external environment.

While institutions vary in the number and the specificity of their program evaluation criteria, all emphasize the " 1. Centrality of the program to the mission of the university; 2. Overall quality of faculty and curriculum; and 3. Extent of future demand for students, research and service in the area" (Dougherty, 1981, p.83). Institutions vary in the relative importance of internal (mission-based) criteria or external (market) critieria in assigning program priorities. Chaffee defines adaptive strategic planning as managing demands to satisfy critical resource providers (Chaffee, 1983). This focuses concern on the unit's resouce generating capacity ,i.e. enrollments and workloads, grants and contracts. (The "decentralized market mechanism" with "each tub on its own bottom" epitomizes this market approach, with each department operating as a fairly independent "profit center" whose budget is directly dependent on the resources it takes in (Hoenack and Norman,1974). However in most universities some units subsidize others, and the priority of a unit is not directly tied to its market performance.

Keller (1983) and Kotler and Murphy (1981) suggest adaptations of the Boston Consulting Group's portfolio analysis technique for ranking programs. Centrality , quality and market viability are independent dimensions in this model. Each program is rated on these three dimensions (high, medium and low). Programs that score high on all dimensions are stars, and are to be built. Those that are low on all three are "dogs" and should be dropped (Kotler and Murphy, 1981, p.482).

Resource Allocation

Clearly, the entire process is for naught if resources do not follow the direction specified in the program priority statements, with " the discontinuance of low priority areas to strengthen high priority ones" (Dougherty, 1981, p.76). It is this retrenchment and reallocation process (plus the selective distribution of any new resources) that causes the configuration of academic program offerings to change, and the institution to move toward its opportunities and build upon its strengths. Unless budgeting follows the program priorities, the previous steps are merely a planning exercise, with no real impact.

Strategic Planning in an Organized Anarchy

It appears there are few organizations in which the conditions for strategy are less present than in a large public university. Much of the the literature on academic organizations (studies of leadership, decision-making, planning and budgeting) should caution us against expecting that those involved in the governance of a university could agree on the relevant environment, on institutional strengths and weaknesses, and then set clear priorities and move significant resources to high priority programs.

Using concepts such as "loose-coupling" (Weick, 1978) and "organized anarchy" (Cohen and March, 1974), these authors point to the diffuseness of authority in colleges and universities. Others stress the goal and value conflicts in higher education (Baldridge et. al.,1978) and to the dissociation between central planning and actual budget allocations to departments (Tierney, 1981) They remind us of past attempts to increase managerial potency (e.g. PPBS), and of their limited successes in linking resource allocations to central priorities. Wildavsky (1975), Lindblom(1959) and others studying the politics of budgeting and policy analysis point to such characteristics as "muddling through" and describe processes which are not rational, tightly coupled, and goal directed. The following key characteristics of "multiversities" mitigate against the emergence of academic strategy:

1. *ambiguous and highly contested goals*: " Colleges and universities have vague , ambiguous goals, and they must build decision structures that grapple with uncertainty and conflict over these goals " (Baldridge et. al., 1978, p.20). " The organization operates on the basis of a variety of inconsistent and ill-defined preferences. It can be described better as a loose collection of ideas than as a coherent structure; it discovers preferences through action more than it acts on the basis of preferences (Cohen,March and Olsen, 1972, p.1).

2. *unclear technology*: This simply means that we do not have any easy way of knowing when a faculty is doing what he, she or it is doing what its supposed to or doing it well. We don't know what good teaching is. There is considerable debate over how to measure learning and how to attribute it to the effects of a college experience (Astin,1982). Quality control, standards of performance gets delegated to the professional community of the discipline, not the institution.

3. *organizational complexity with multiple professional orientations*: A large, public university has many layers and clusters of decision-making. Decisions about programs are made by the statewide coordinating board, the board and central administration, college dean and planning committee, department head and faculty.

and the academic subspecialty group. These vertical layers are crosscut by numerous lateral layers: the disciplines. A large university may have hundreds of disciplinary subcultures embedded in layers of bureaucracy. The organization is a holding company of diverse, highly professional faculty groupings whose fundamental orientation and loyalties are not to the particular university, but rather to the professional organization. The predominant environment for these faculty is not the state's economic needs, nor the job prospects of students, but the rewards of their discipline. "Where professional influence is high and there are a number of professional groups, the organization will be split by professionalism. The university and the large college are fractured by expertness, not unified by it" (Clark, 1971, p.51)

4. *academic freedom and fluid participation*. In a sense, the structure of the university is designed precisely to protect faculty from the strategic plans of their administrators. Tenure and academic freedom are protections against administrative fiat. They allow faculty to go their own way with less concern for the plight of the institution and the demands of the state. Decentralized, hence, incremental adaptation ensures that the institution will respond to the diversity of constituencies and disciplines that constitute the multiple environments and will retain its academic integrity. In addition, university governance is structured to allow many opportunities for faculty participation. Yet many actors come and go. Their participation is fluid, and the conclusions reached by one set of actors cannot be counted on to persist.

5. *disconnection between planning and budgeting, and a failure of past attempts to link the two*. Kemmerer and Baldridge, Tierney and others point to the historical difficulty in linking planning and budgeting. Planners have traditionally produced plans and the budget process has proceeded in its own world. Attempts to tightly couple the two through planning, programming, budgeting systems (PPBS), management by objectives (MBO), and zero-based budgeting (ZBB) have not produced the hoped for results (Tierney, 1981, p.30-33). "One problem with these more rational approaches to linking priorities and resource decisions is the failure to consider the sociopsychological incentives in the process. In the case of ZZB, the idea of providing even a partial ordering of academic program priorities is anathema to most faculty" (ibid, p.33). Strategic planning/management then is the most recent contender in a series of approaches to enabling administrators to induce and guide organizational change. Its proponents claim that strategic planning can best overcome the significant obstacles to planned change in educational organizations. However so did its predecessors, who had their heyday of citations and consultations, only to fall out of favor.

The image that emerges from these various literatures is one of "a confused world with very little organizational coordination and central goal making" (Baldridge, 1978, p.26) in which administrators can exercise very little central control because authority is diffuse, decision processes are arbitrary and influenced by who is present and persists (garbage cans), decision-makers are in conflict, and planning and budgeting are disconnected.

Propositions

The large, public university has too many deeply entrenched anarchic organizational characteristics for strategic planning to work. This anarchy will block the emergence of a conscious adaptive direction. Departmental representatives, participating in the planning and priority setting process, will not pay significant attention to the institution's environment, nor base program priorities on such considerations. The movement of resources will be unaffected by strategic planning. Thus if we were to analyze specific cases of strategic planning in a large public university, we would expect to find:
1. a relatively low emphasis on external environmental assessment as a basis for setting program priorities; and
2. a relatively insignificant movement of resources from low to high priority programs.

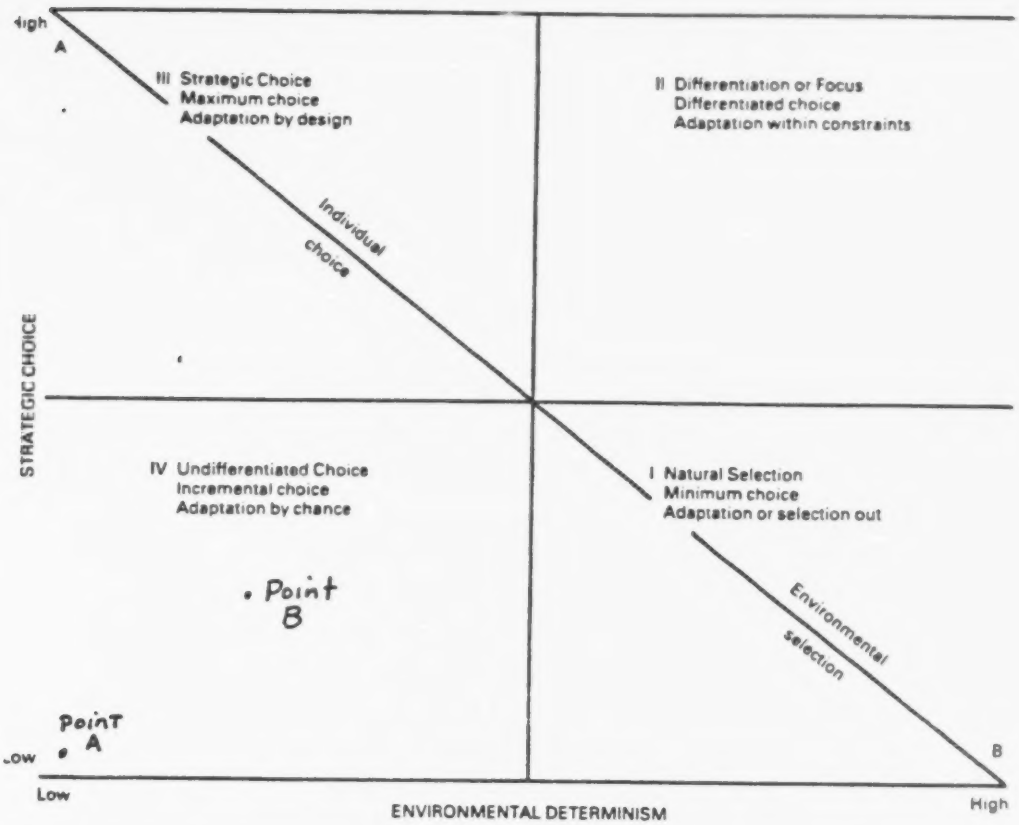
Hrebiniak and Joyce (1985) provide a useful theoretical perspective for organizing these propositions and a graphic way of presenting them. Their framework also enables us to treat the proposition as dynamic and continuous rather than static and dichotomous. Hrebiniak and Joyce place strategic choice and environmental determinism as two independent variables ranging along two axes.

[insert Figure Two: Relation of Strategic Choices and Environmental Determinism in Organizational Adaptation]

This figure shows the "relation of strategic choices and environmental determinism in organizational adaptation" (Hrebiniak and Joyce, 1985, p339). The vertical, strategic choice axis represents the strategy-anarchy continuum. At the upper end of the continuum are organizations guided by pure strategic choice. Here the the units of the organization function as a coherent, goal directed team.Their efforts are consciously coordinated to achieve the results set out by the leadership of the organization. At the bottom of this axis is anarchy, in which "Change can be labeled adaptation by chance, since organizations apparently exhibit no coherent strategy to take advantage of fortuitous environmental conditions. . . organizations in this context [reveal] such recently discussed phenomena as ' muddling through'

FIGURE TWO

Relation of strategic choices and environmental determinism in organizational adaptation.



Source: Hrebiniak and Joyce, 1985, p.339

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and 'garbage can' descriptions of organizational behavior" (ibid. p.342).

Clearly the proposition emerging out of the above discussion is that for the organization we shall consider- a liberal arts college of a large public university- we would expect its style of organizational adaptation to be at the low end of this continuum. Despite the emergence of strategy in higher education, anarchy will still prevail. Even in a university that goes through the motions of strategic planning, such an exercise will not produce significant shifts of resources from low to high priority programs.

The second dimension of figure xx is the environmental determinism continuum. On the far right are organizations which are captured by their environments, i.e. organizations which operate in such a competitive or regulated environment that they have very little say over the nature of their products and their pricing. On the far left of this continuum are organizations that have few external constraints on what they do or how much they charge for it.

Since the late 60's and early 70's, numerous events and pressures have demanded change in the way the public university goes about its business. Events have occurred which moved public universities from low to higher environmental determinism. These events, including increased competition, budget crunches and retrenchment, accountability requirements- directly and indirectly induced academic administrators to turn increasingly to the techniques of strategic planning.

The strategic planning/management model's major innovation as a planning model is its attentiveness to the external environment, (usually represented in a "environmental scanning" function). There is little question that the exponential growth of strategic planning in higher educational institutions is due to the changing environment for higher education and the need for mangers to take this into account. However, as with the first proposition, despite the increased attention to this environment, for the organization we shall consider- a liberal arts college of a large public university- we would expect little actual influence of these environmental trens on setting program priorities.

The Propositions Recast

Using Hrebiniak and Joyce's graph we can portray these propositions in their dynamic context. Back during the Golden Sixties, both strategic choice and environmental determinism were relatively absent from higher education. Times changed, and from the mid 70's to the mid 80's, environmental pressures increased as did the incidence of strategic planning to manage them. Thus over this period, we would expect to see some movement away from the low/low extreme of quadrant IV (point A) both upward and to the right. The question is, how far will this movement be? The central proposition is: not much. Though there certainly has been much noise about adapting to the environment, the attention it receives in setting

priorities, and the changes made to adapt to it will be slight. While there will be some movement, the type of organizational adaptation exhibited by the university will remain well within quadrant IV, shifting over this time from point A to point B.

Differences Between Organizational Types

Clearly the 3000+ institutions of higher education would not cluster in the same area on this graph. Factors such as size; source of funding (private or public); programs offered, number of applicants, mission, competitive environment, etc. would make a difference. A small, low prestige, liberal arts college with chronically declining enrollments would experience more environmental determinism and may be able to develop a more coherent strategic direction(Quadrant II on Figure Two) than a liberal arts college in a major research university because the former's faculty are less oriented toward their disciplines and research and more oriented to the institution and its market situation. The latter is more buffered against any direct connection to markets.

The Case Study

The University and the College

This public land-grant university enrolled approximately 58,000 students on its five campuses, though most are concentrated in the urban campus. It had a budget of about $820 million. The main campus was organized into 17 colleges or schools, the largest of which was the liberal arts college, with about 18,000 undergraduates (Graduate students in its departments enroll in the graduate school). The liberal arts college had 42 budgeted academic units, mostly departments comprised of the social sciences, humanities, ethnic and area studies, and other disciplines associated with the liberal arts. The natural sciences were housed in the technology institute.

Testing the Propositions

These propositions were tested by gathering quantitative and qualitative data on the strategic planning process and its impact on resource allocations to the 42 departments of this liberal arts college.

The case study is organized into three parts: The first describes the context and details of the strategic planning process at this midwestern research university, establishing its goals and mechanisms on the all-university and liberal arts college level. The second looks at the relative importance of external and internal criteria in influencing the priority of programs. The third focuses on the extent to which resources are re-allocated following the implementation of strategic planning, and how these shifts correspond to stated program priorities.

The All-University Planning Process

The following diagram illustrates the planning process at the University of Minnesota for 1975 -84.

[insert Figure Three: University Planning Process]

During the period 1975-79, the framework for planning was established. The mission statement was developed and a planning council initiated a comprehensive planning process.

Cycle I began in the spring of 1979 and completed in the spring of 1982. An institutional planning statement was developed centrally, and the colleges submitted statements summarizing their programmatic goals and objectives for the 80s. Programs were ranked important, very important or highly important. The goal of this round of planning was to arrive at a set of specific program priorities which the budgeting process could then follow. The state experienced a large revenue shortfall in 1981-82 and $25.6 million was retrenched from the University (4%). Each unit (college) was told to reallocate 10% of their resources: 5% would be used to meet the retrenchment and 5% to be shifted from low to high priority programs within each college. Deans and directors were asked to develop detailed program priority statements which identified those low priority programs from which resources were to be retrenched, and those high priority programs to receive the reallocated resources. In the fall of 1981, and the winter and spring of 82, the units struggled with the issues of what they would cut, and submitted their priorities in the spring. Six specific criteria were developed centrally to assist in the priority setting: quality, connectedness, integration, uniqueness, demand and cost-effectiveness.

[insert Table One: Critieria Utilized for Program Planning]

It was also a central principle of the second planning cycle (1982-84) that the "budget is built from program priorities with funds being reallocated across units frm lower to higher program priorities" (University of Minnesota Planning Report, 1984-85, p.17). Cycle II further refined the development of program priorities by specifying budget targets linked to program changes. A Target was set for each of the units, and they were expected to make program changes that would meet these retrenchment targets and strengthen high priority programs. In addition Cycle II focused through a task force structure on six major planning issues: 1. computation , communications and information systems; 2. the vitality of the faculty; 3. graduate education and research; 3. the University and the State economy; 4. international education and 6. the student experience.

Thus, the program priority setting process became formally linked to resource allocations in 1981- 82, and all units were expected to retrench and reallocate

FIGURE THREE

UNIVERSITY PLANNING PROCESS, 1975-1984

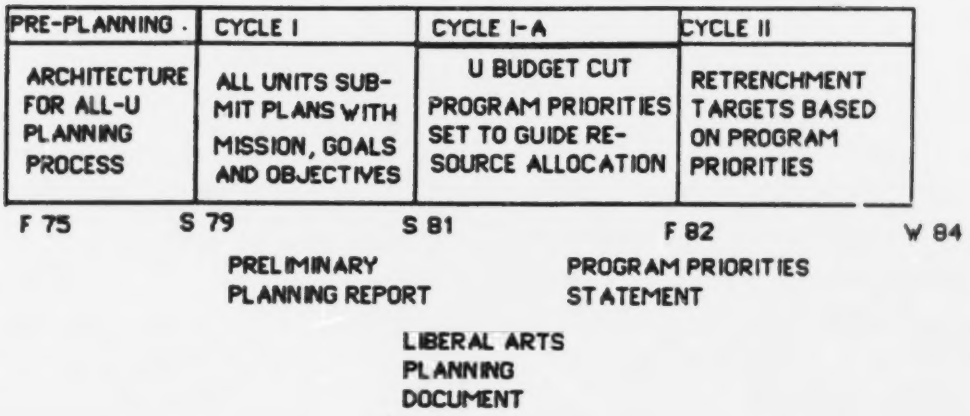

TABLE ONE

Criteria Utilized for Program Planning

- **Quality** — Particularly in academic programs, it is difficult, as a practical matter, to build quality in a conscious and deliberate way. Where it occurs, it is often the result of the happy combination of opportunity, good luck, and foresight. Thus, once a university has achieved a high level of quality in a program, it should make every effort to preserve it; and where an obvious opportunity exists to make a substantial improvement in quality with a realistic investment of resources, it should be taken.

- **Connectedness** — This somewhat awkward word refers to the extent to which the programs of a department or college serve other departments and colleges. Where this connectedness is high, it is unrealistic to consider extensive reductions in its activities unless alternative arrangements can be made to provide for the instructional or support activities.

- **Integration** — The University's particular commitment to teaching, research, and service suggests that those programs that integrate all of those activities well are especially appropriate and important. In large part, this is because the University is committed to and responsible for both the generation and transmission of knowledge, and those activities are best stimulated and provided for in an atmosphere in which individual faculty and programs are committed to both.

- **Uniqueness** — It is certainly true that the University's land-grant mission suggests that where we have a unique and useful program, we should have a strong commitment to maintain it. However, in making this determination, it is also important to consider whether the program is appropriate to the University's role and strengths, and whether it could or should be offered elsewhere.

- **Demand** — Demand is obviously an important factor, but we must be careful not to interpret it too narrowly. That is, we must avoid considering demand to be measured only by the number of students seeking admission to regular, full-time undergraduate or graduate programs. Part-time students and outreach audiences must also be considered in assessing demand and, from another point of view, the needs of employers for individuals trained in certain disciplines constitute a form of demand. Moreover, the demand for the other "products" of the University, such as its research contributions to the solution of pressing economic and social problems, and its contributions to the quality of life are equally valid issues to be considered in assessing this factor.

- **Cost-effectiveness** — Whether in an era of growth or contraction, our aspirations are always limited by the resources available. Thus we must continually examine our programs to see if there are less costly ways to offer the same program or more efficient ways to accomplish the same ends. Yet cost alone must not govern our decisions, for the effectiveness of the program must also be weighed. When taken together, cost and effectiveness provide one important measure of whether we are putting our funds to best use.

resources according to program priorities through Cycle II. The data on resource allocation to the liberal arts college's departments covers the period 1975- 1984, thus including six years prior to, and three years following the implementation of strategic planning i.e. the decision to link program priorities to resource allocations. (Since spring 1984 there have been two more phases of planning, which though outside the scope of this data analysis, will be briefly discussed in the epilogue).

The Liberal Arts College Responds

When the need for retrenchment arrived, the College had a history of planning efforts to draw on. The liberal arts college had responded to the President's first call for collegiate planning by developing a Preliminary Planning Report (December, 1979). By the end of 1980, the President had issued his Planning Memorandum and the College issued a response. In addition, the Report of the Committee on Undergraduate Education (Spring 1980) and the College of Liberal Arts Planning Document (June 1981) spelled out in considerable detail the problems facing the College and the direction it should take. When the need for retrnchment became clear (Fall 1981) these prior efforts were reviewed, and by Winter 1982 the college had identified high and low priority academic programs according to a modified version of the central evaluation criteria. 22 departments were identified as "units of national distinction or of excellent quality moving toward the national distinction level," which were to be maintained or increased. Serious questions were raised about the remaining 17 departments, which were slated to be reorganized, reduced or eliminated.

The following list summarizes the major goals and strategies developed by the liberal arts college in its various planning efforts (drawn largely from the "Program Priorities Statement" of May 1982 which was drafted by central administration based on liberal; arts planning documents):

1. Reduce the number of budgeted units/ increase in units critical mass:
   - move from 42 to 30 budgeted units
   - consolidate smaller units

2. Strengthen the liberal arts mission i.e. basic disciplines:
   - move faculty appointments to disciplinary home
   - move peripheral programs out of the college or phase them out

3. Shift resources from low to high priority programs (retrenchment and reallocation):
   - strengthen units of national distinction and those approaching national distinction
   - reorganize, reduce and/or eliminate others

- respond to central retrenchment targets

4. Balance workload:
- move toward similar workloads for all departments

5. Reduce administrative costs and increase flexibility:
- reduce non-faculty appointments
- retain more positions centrally

Data and Results

Proposition 1: what role did "environmental" considerations play in setting program priorities?

To answer this question we will need to look at the liberal arts college's program priority setting process and determine to what extent environmental criteria (such as demand, the competitive environment, changing interests and demands for knowledge) played an explicit and determining role in setting program priorities.

Setting Program Priorities in the Liberal Arts College

Meeting in the fall of 1981, the Budget Advisory Committee did a comparative programmatic review of all programs within the college incorporating earlier planning efforts. The Dean then reviewed their report and issued a "General report of the programmatic review of instructional, support and research units of the College and Agenda for Policy and Planning recommendations and discusion for the remainder of the academic year 1981-82." This report provided background, described the review process, and made specific program recommendations. The criteria used for evaluating programs were quality, centrality, student demand, social purpose or utility, efficiency, and cost:

> The evaluation of quality . . . includes quality of the faculty and the quality of the graduate students, as measured in research, research support, publications, and as reflected in national peer ratings and placement. Obviously, individuals can differ in the way they apply this criterion but the Committee members were virtually unanimous in their agreement on the rankings of units on the quality dimension.
>
> Centrality refers to the degree to which the department is related to the central mission of the College. What may be central in liberal arts for one could be peripheral for another. However, the Committee again was virtually unanimous in agreement concerning the programs in the College.
>
> Student demand and workload, while not determinative of the placement of the unit, were important. If a unit has suffered a substantial decline in workload the Committee asks the question, "Should not that unit be asked to decrease its size?"

Social purpose or utility can be measured in a number of ways. The social utility of an ethnic studies unit or of Women's studies is fairly clear. Of a different type is the social utility of a Humanities Program is, for example educating large numbers of undergraduate in cultural literacy in ways analogous to functional literacy which is the mission of the Composition Program.

Efficiency is not a self-evident criterion but is measured by a way in which a unit uses its resources. It refers to per student credit, per FYE, and per faculty member measures of cost. Units divide their workload very differently, some seem very efficient and others seem to need justification in their allocation and scheduling of courses and their assignments of faculty and teaching assistants.

Cost is a relatively pure component that refers to the total expense of the department. (Programmatic Review Report, 1/7/ 82, p.2-3)

Departments were sorted into higher and lower priority programs based explicitly on only one of these criteria: quality. Units were sorted into three groups: 1. those departments "having quality and strength of national distinction," 2. those "of excellent quality and... moving toward the national distinction level" and 3. "units about which more serious questions were raised"(Programmatic Review Report, 1/7/ 82, p.4). The first two groups were to be maintained or strengthened, and were not the subject of furthur analysis in the report. The latter group contained those units "that are expected (a) to undergo some re-focusing, re-structuring, and/or consolidation, (b) quite substantial reduction in faculty lines, (c) to possibly be phased out or a combination of (a) and (b) options" (ibid, p.4-5). The body of the report sumarized problems in and recommendations for these units.

Quality was operationalized as national distinction, " a combination of national ratings, placement of graduate students, and quality and quantity of research produced by the faculty are used to make such subjective determination" (ibid). Thus it was their national distinction that separated those programs into the two catagories . Other criteria were relevant as the problems in the third catagory were considered, but they were not explicitly used to separate high from low priority programs.

"The units of national distinction included; Communication-Disorders, Economics, Geography, History, Journalism, Political Science, Psychology, Statistics." Those moving toward the national distinction level included " Scandinavian, Speech-Communication, Theatre Arts, American Studies, Anthropology, Art History, English, French and Italian, German, Linguistics, Philosophy, Sociology, Spanish and Portuguese, and Women's Studies." The programs about which serious questions were raised were: Afro-American and African Studies, Ancient Near East and Jewish Studies, Classics, Comparative Literature, Humanities, Music, Studio Arts, American Indian Studies, Chicano Studies, East Asian Studies, Russian and East European Studies, South Asian Studies, Library School, and Social Work" (ibid).

The questionable catagory contains a predominance of area and ethnic studies and applied fields, and the bulk of the questions raised about these programs has to do with their size, i.e. they were to small to offer a program, their focus, their lack of

enrollments, and their fit in a liberal arts college. The former two catagories contain the basic disciplines, about which no serious questions were raised.

The Fate of a Market Measure: Balancing Workload

One angle on the importance of the evironment in determining program priorities can be gained by looking at the role of workload data. While this does not project likely future demand, it does assess the relationship of past and present demand to the capacity of the unit (the supply side). It thus provides the most market oriented, objective measure used in the priorty setting process.

The college set out to balance the workload between departments. Developing an adequate method of assessing academic productivity is both highly essential and problematic (Dressel,1974) Ideally , a productivity indicator for academic departments would include a combination of instructional workload, research productivity and service demand.

The college developed an instructional workload index to combine student credit hours, instructor credit hours, and degrees awarded in each department divided by their number of FTE faculty. This index was to assist in program planning.

Table Two shows the Instructional Workload Index for the liberal arts departments in rank order , with the units providing the 'most' instruction per faculty at the top.

[insert Table Two: Instructional Workload Index]

Those in the top six are about twice as productive on this measure as those in the bottom six. The circled numbers are those of low priority programs. Eight of the bottom eleven are low priority programs, whereas only two of the top eleven are. Workload considerations figured explicitly into the program reviews of only a few of the units, e.g. AfroAmerican studies- "given a small number of majors, the low student credit hours, and the absence of graduate program, it appears that the unit is overstaffed" (Programmatic Review Report, 1982, p.7). yet there are significant outliers, such as Music and the Library School or Women's Studies and Communications Disorders in which their workload is inversely related to their program fate.

If strategic planning was adjusting program offerings to demand, we would expect to see at least a reduction in the spread between different units workload and an increase in the mean of the workload distribution (as less in demand units are reduced or eliminated, and more in demand units receive increases). Unfortunately for this comparison, the college discontinued the calculation of the workload index following 1982-83 because faculty did not find it to be a suitable method for comparing programs.

Looking briefly at the available data, the mean nor the standard deviation of the workload indicators for departments do not seem to have shifted significantly

Table 2.

Instructional Workload Index, 1982-83
(Rev. #1. 2/2/84)

1*	American Studies	58.2*
2	Speech-Communication	49.2
3	Music	49.0
4	Psychology	47.2
5	Library School	45.5
6	Theatre Arts	43.1
7	Art History	39.9
8	Geography	37.1
9	History	36.4
9	Journalism	36.4
11	Political Science	35.1
12	Humanities	34.3
13	Studio Arts	33.8
14	Statistics	32.2
15*	Comparative Literature	31.2*
16	Classics	30.6
17	Anthropology	30.5
18	Economics	30.0
19	Spanish and Portuguese	29.3
20	Sociology	29.1
21	Scandinavian	28.9
22	English	28.2
23	Philosophy	27.7
24	German	26.7
25	French and Italian	26.3
26	Russian and East European Studies	25.5
27	South and Southwest Asian Studies	25.2
28	Ancient Near East and Jewish Studies	24.8
28	East Asian Studies	24.8
30	American Indian Studies	24.5
31	Women's Studies	24.2
32	Linguistics and ESL	23.8
33	Communication Disorders	22.4
34	Afro-American Studies	19.8
35	Chicano Studies	19.3
36	Composition and Communication	16.0
		33.8

* Unit's index value and rank reflect substantial advising effort contributed by adjunct faculty members.

following the introduction of strategic planning, however the data is so sparse no real conclusions can be drawn. However, it is clear that increasing the workload/productivity never emerged as a major strategy in adapting to retrenchment, and the attempt to measure it objectively was dropped.

A Remote Environment

In virtually all the literature on strategic planning, decisions about program offerings and priorities are seen to emerge from a matching process between the strengths and weaknesses of the institutions programs and the opportunities and threats posed by the external environment. In the case above, the factors that determined the priority of programs was internal assessment, and there limited primarily to quality. The kinds of activities usually associated with assessing the external environment were notably absent, i.e. projections of future trends which influence the demand for (and the institution's role in providing) instruction, research and service in the knowledge areas of the different units. To the extent that demand, workload, efficiency and other such "market" considerations enetred in, it was after the programs had been sorted based on quality.

The environment was considered very generally, in terms of posing constraints demanding retrenchment, and requiring consolidation of the college, but it was the status of disciplinary members at this institution compared to the status of those at other institutions that determined a program's priority. It refers to that most important of environments to the faculty of a graduate research university - their community of professional peers, it is not part of the environmental assessment that goes into the ideal type of strategic planning.

The data supports the first proposition, that there would be a relatively low emphasis on external environmental assessment as a basis for setting program priorities. The first paragraph of the introduction to the Liberal Arts Planning Document captures well this relationship of environmental pressures to the adaptation of the college, "Although fiscal imperatives have perhaps drawn to our attention the need to engage in long range planning and programmatic concerns, a commitment to enhancing the quality of the College is the basic justification of this plan" (p.1).

Though the focus of priority setting was internal, the college did chart a strategic direction, set program priorities and commit itself to a retrenchment/reallocation process. The next section describes the extent to which this strategic plan changed the configuration of program offerings by shifting resources from low to high priority programs.

Proposition Two: Did strategic planning shift significant resources to high priority programs, or did incrementalism prevail?

The majority of the discussion in the literature review highlighted the characteristics of a university which would lead us to expect numerous obstacles to implementing a strategy. Yet, in this case, there clearly had to be some retrenchment, and the expectation and plan was that lower priority programs would be cut to strengthen higher priority programs. The following summarizes the data analysis and the results of a study of resource allocation to the departmets of the liberal arts college from 1975-84 to determine the impact of strategic planning on resource allocation:

Table Three shows the expenditure of state funds (in thousands of dollars) by college departments for the years 1975-76 through 1983-84. The dollar figure that was used represents the amount of state allocated funds actually spent by the department for the year in question. The double line separates the first six years from the last three. Prior to 1981-82 there had been no formal attempt to link a priority setting process to resource allocation (a necessary step in the strategic process). Thus the first six years are pre-strategic plan, and the last three years are post.

[insert Table Three: Expenditure of State Funds by College Departments]

In Table Four these figures are converted into "department shares," i.e. the percentage the department's expenditures represent of the total state expenditures on academic programs in the college. This gave a percentage figure ranging from 0.05% for the smallest department, to 7.23% for the largest. Thus, regardless of the base for any given year, we can see the percentage of that base that each department received. If resource allocation was purely incremental(in the sense of increasing or decreasing by the same proportion each year) we would expect these percentages to remain stable over time. However, if resource allocation became strategic, we would expect to see the high priority programs gaining resources (increasing their percentage) at the expense of the low priority programs.

[insert Table Four: Department Shares]

To determine which of these possible patterns of resource allocation prevailed, the individual department shares of the high priority programs were summed, as were those of the the low priority programs for each year. Table Five shows the "Yearly Aggregate Department Share for Low and High Priority programs." Figure Four represents this graphically.

[insert Table Five/Figure Four: Yearly Aggregate Department Share]

7A TABLE THREE: EXPENDITURE OF STATE FUNDS BY COLLEGE DEPT.

1982-83 (IN THOUSANDS OF DOLLARS)

		1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	
-1	AFRO-AMER	218.9	248.8	261.8	256.5	262.7	270.5	299.8	297.3	271.1	JAN
-2	AMER-IND.	163.6	203.0	201.7	198.4	196.9	150.5	179.3	105.7	86.3	FEB
+3	AMERICAN S.	88.8	96.3	91.0	92.1	107.0	97.9	121.7	150.1	173.0	MAR
+4	ANTHRO.	378.4	406.2	416.7	410.2	455.2	511.9	555.8	576.7	612.7	APR
+5	ART HIST.	333.1	394.7	386.5	434.8	442.0	455.2	574.3	521.9	507.9	MAY
-6	CHICANO	91.2	105.7	95.5	84.2	81.1	121.6	91.7	74.1	93.6	JUN
-7	CLASSICS	258.3	270.1	274.9	276.4	309.7	307.7	351.5	313.4	319.8	JUL
+8	COMM DISORDERS	306.0	331.4	363.1	373.6	389.8	415.7	482.5	523.5	593.9	AUG
-9	COMM PROGRAM	118.5	119.9	131.9	133.4	141.5	151.6	94.4	—	—	SEP
-10	COMP. LIT.	—	—	—	13.6	61.1	66.8	101.7	76.0	59.2	OCT
11	CRIM. JUST. S.	164.2	203.6	202.8	239.5	221.8	153.8	—	—	—	NOV
-12	EAST ASIAN	179.0	195.8	205.6	198.4	220.2	247.3	265.9	304.2	320.1	DEC
+13	ECONOMICS	888.9	914.6	950.5	957.6	1040.2	1159.4	1134.2	1347.4	1463.5	TOTAL
+14	ENGLISH	914.0	939.5	1004.9	1034.8	1133.8	1143.0	1284.5	1313.4	1390.5	
15	ENGLISH COMP	509.0	563.3	608.1	620.2	657.7	768.4	846.4	880.7	998.7	
16	FRENCH-ITALIAN	451.8	485.4	497.5	515.8	588.4	643.6	698.9	654.8	786.7	JAN
+17	GEOGRAPHY	521.1	547.1	610.3	591.5	607.4	665.8	797.3	836.7	861.9	FEB
+18	GERMAN	388.7	376.1	392.9	421.1	457.2	429.8	525.3	526.8	593.6	MAR
+19	HISTORY	937.8	1011.8	1059.5	1098.6	1154.1	1310.3	1400.6	1531.1	1693.8	APR
											MAY

TABLE FOUR: DEPARTMENT SHARE

		1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	
1	JAN	X 1.39	1.47	1.49	1.42	1.34	1.30	1.34	1.33	1.16 X	JAN
2	FEB	X 1.04	1.20	1.15	1.10	1.01	0.72	0.80	0.47	0.37 X	FEB
3	MAR	0.56	0.57	0.52	0.51	0.55	0.47	0.55	0.67	0.74	MAR
4	APR	2.40	2.40	2.38	2.26	2.32	2.46	2.49	2.58	2.62	APR
5	MAY	2.11	2.33	2.21	2.40	2.26	2.19	2.57	2.34	2.17	MAY
6	JUN	X 0.58	0.62	0.54	0.46	0.41	0.58	0.41	0.33	0.40 X	JUN
7	JUL	X 1.64	1.60	1.57	1.53	1.58	1.48	1.57	1.40	1.37 X	JUL
8	AUG	1.94	1.96	2.07	2.06	1.99	2.00	2.16	2.35	2.54	AUG
9	SEP	X 0.75	0.71	0.75	0.74	0.72	0.73	0.42	—	—	SEP
10	OCT	X —	—	—	0.08	0.31	0.32	0.46	0.34	0.25 X	OCT
11	NOV	X 1.04	1.20	1.16	1.32	1.13	0.74	—	—	—	NOV
12	DEC	X 1.14	1.16	1.17	1.10	1.12	1.19	1.19	1.36	1.37 X	DEC
13	TOTAL	5.64	5.40	5.42	5.29	5.31	5.57	5.05	6.04	6.25	TOTAL
14		5.80	5.55	5.73	5.71	5.79	5.50	5.75	5.84	5.94	
15	342	X 3.23	3.33	3.47	3.42	3.36	3.69	3.79	3.95	4.26 X	
16	JAN	2.87	2.87	2.84	2.85	3.00	3.09	3.13	2.93	3.36	JAN
17	FEB	3.31	3.23	3.48	3.27	3.10	3.20	3.57	3.75	3.70	FEB
18	MAR	2.47	2.22	2.24	2.22	2.33	2.07	2.35	2.36	2.53	MAR
19	APR	5.95	5.99	6.05	6.06	5.89	6.30	6.27	6.86	7.23	APR
	MAY	X 1.66	1.58	1.58	1.65	1.64	1.78	1.77	1.58	1.53 X	MAY
	JUN	3.44	3.41	3.43	3.46	4.02	4.22	3.67	3.81	3.51	JUN
		X 1.51	1.62	1.43	1.38	1.31	1.33	1.20	0.94	0.77 X	JUL
		0.87	0.77	0.90	0.81	1.00	0.99	0.95	1.16	1.17	AUG

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TABLE FIVE

YEARLY AGGREGATE DEPARTMENT SHARE FOR LOW AND HIGH PRIORITY PROGRAMS

YEAR	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84
LOW	29.25	29.65	28.64	28.50	28.17	27.99	26.54	24.86	22.31
HIGH	70.75	70.35	71.36	71.50	71.83	72.01	73.46	75.14	77.69

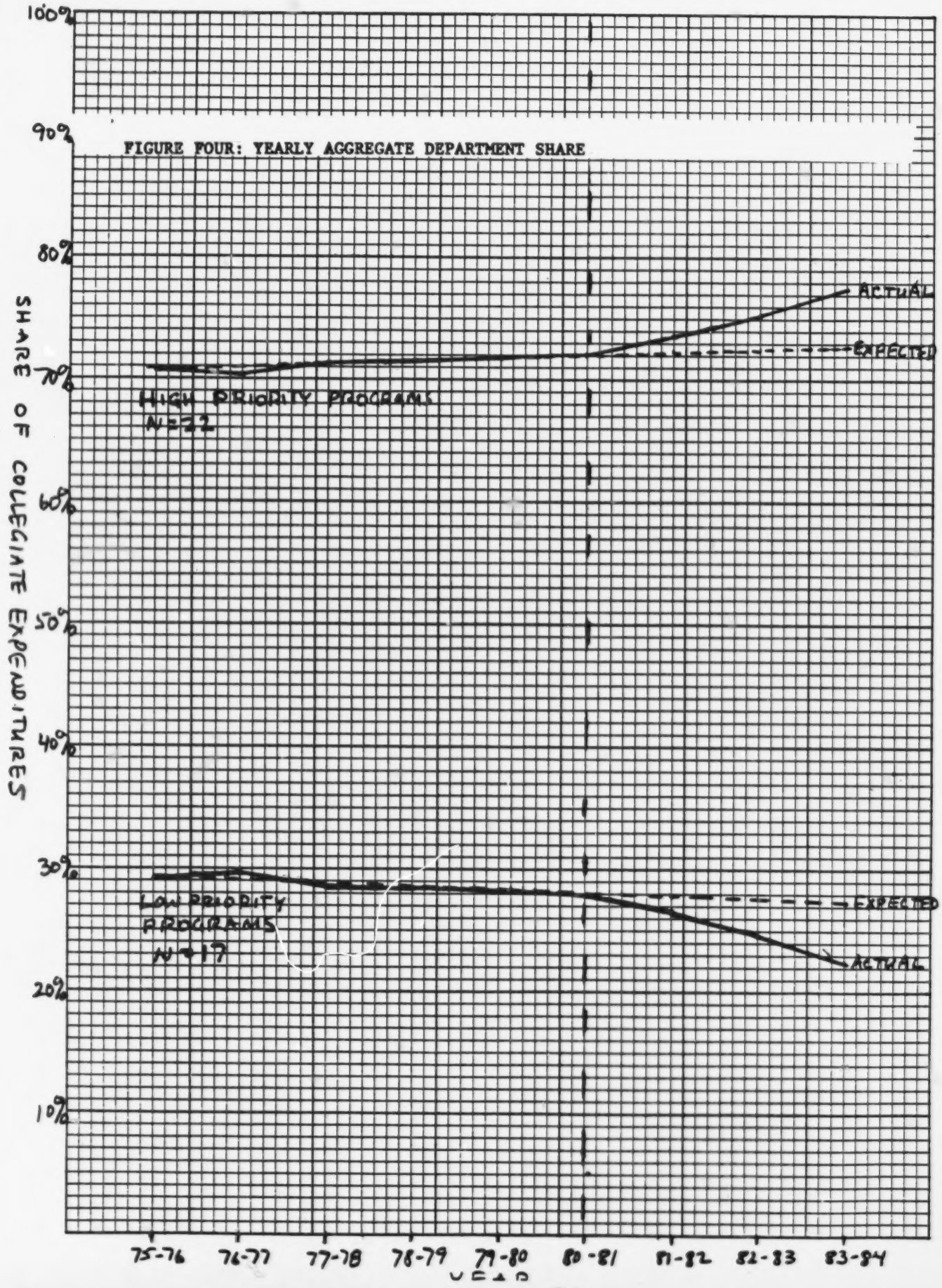


FIGURE FOUR: YEARLY AGGREGATE DEPARTMENT SHARE

These figures show that the aggregate share of low priority programs was decreasing slightly for the six years prior to strategic planning, and then dropped considerably more rapidly (The high priority programs of course showed the opposite pattern). Averaging across the pre and then the post years, strategic planning resulted in an average shift of three percent of total college resources from low to high priority programs. The average combined department share of low priority programs went from 28 to 25 percent. On the graph, a trend line was extrapolated. Actual values were then compared with expected values, giving an estimate of the impact of strategic ranking (high or low) on resource allocation. Clearly the distance from the expected line increases for each of the three years following the implementation of strategic planning, indicating that more and more resources are being shifted from low to high priority programs over time.

[insert Table Six. Change in Department Share of High and Low Priority Programs]

Table Six shows the fate of the individual programs over the same time period. The left column lists the high priority programs, i.e. those programs of national distinction (with*) and those moving toward it (the rest). The right column lists those programs to be reduced, reorganized or eliminated. The left number after each unit is the change in department share from pre to post strategic planning (i.e. the difference between the average share of the unit in the six years prior to strategic planning and the average share for the three years after). The programs are listed from top to bottom according to who gained and lost the most. The percentage figure in parenthesis is the percentage increase or decrease that this department share represents. e.g. for history, a large department, a gain of 0.67 represented an 11% increase in department share; for Women's studies, a small department, a gain of 0.33 was a 123% increase. The big gainers were largely the basic disciplines with high prestige rankings, and the big losers were ethnic and area studies and applied fields (Social Work,Criminal Justice, Library School and Music).

[insert Table Seven: Change in Aggregate Department Share of Programs]

Table Seven summarizes these data, showing the change in percent department share for high and low priority programs. 86% of high priority programs gained resources, and 68% of low priority programs lost them. Clearly these data show that resources did move from the low to high priority programs.

In addition a regression analysis was done to determine the proportion of the variance in department share which could be accounted for by the strategic rank of departments, hence its explanatory significance as a variable (Table Eight).

[insert Table Eight: Regression Analysis]

TABLE SIX: CHANGE IN DEPATMENT SHARE OF HIGH AND LOW PRIORITY PROGRAMS

HIGH PRIORITY PROGRAMS N-22		LOW PRIORITY PROGRAMS N-17	
History *	0.67 (11%)	East Asian	0.15 (13%)
Political Science *	0.54 (12%)	South & SW Asian	0.11 (11%)
Statistics *	0.42 (14%)	Russian & East European	0.10 (11%)
Geography*	0.36 (11%)	Comparative Lit.	0.12 (50%)
Philosophy	0.36 (14%)	Studio Arts	0.02 (1%)
Communications Disorders *	0.33 (16%)	Near East & Jewish	0.02 (5%)
Women's Studies	0.32 (123%)	Composition & Communication	-0.07 (-2%)
Economics*	0.27 (5%)	Humanities	-0.05 (-3%)
Speech-Communication	0.24 (9%)	Afro-American	-0.14 (-10%)
Linguistics/ESL	0.20 (13%)	Classics	-0.15 (-9%)
French/Italian	0.18 (6%)	Chicano Studies	-0.16 (-30%)
Theatre Arts	0.16 (5%)	Music	-0.39 (-7%)
Anthropology	0.16 (7%)	Library School	-0.44 (-30%)
American Studies	0.12 (22%)	American Indian	-0.49 (-46%)
English	0.10 (2%)	MidEast and Islamic	-0.53 (-100%)
Art History	0.07 (3%)	Criminal Justice	-1.12 (-100%)
German	0.07 (3%)	Social Work	-1.14 (-42%)
Psychology	0.06 (1%)		
Spanish/Portuguese	0.05 (2%)		
Journalism*	-0.03 (-1%)		
Scandanavian	-0.21 (-15%)		
Sociology	-0.29 (-5%)		

* programs of national distinction

TABLE SEVEN: CHANGE IN AGGREGATE DEPARTMENT SHARE OF PROGRAMS

CHANGE IN PERCENT DEPARTMENT SHARE FOR HIGH AND LOW PRIORITY PROGRAMS FROM PRE TO POST STRATEGIC PLANNING

		HIGH PRIORITY	LOW PRIORITY	
GAINERS	+%	N=19 ST= 4.68%	N=6 ST= 0.52%	T= 5.20%
LOSERS	-%	N=3 ST= -0.53%	N=11 ST= -4.68%	T= -5.21%
		T= 4.15%	T= -4.16%	

TABLE EIGHT: REGRESSION ANALYSIS

DEP. VAR... P2

MEAN RESPONSE 2.56487 STD. DEV. 1.89587

FINAL STEP.

MULTIPLE R	.9869	ANOVA	DF	SUM SQUARES	MEAN SQ.	F
R SQUARE	.9739	REGRESSION	2.	133.025	66.512	672.669
STD DEV	.3144	RESIDUAL	36.	3.560	.099	SIG. .000
ADJ R SQUARE	.9725	COEFF OF VARIABILITY		12.3PCT		

VARIABLE	B	S.E. B	F	SIG.	BETA	ELASTICITY
P1	.992	.032	966.512	0	.92964	.99220
S	.446	.113	15.587	.000	.11806	.09799
CONSTANT	-.231	.093	6.121	.018		

ALL VARIABLES ARE IN THE EQUATION.

DEP. VAR... PERD

MEAN RESPONSE -.00784 STD. DEV. .34850

FINAL STEP.

MULTIPLE R	.4136	ANOVA	DF	SUM SQUARES	MEAN SQ.	F
R SQUARE	.1710	REGRESSION	1.	.789	.789	7.634
STD DEV	.3216	RESIDUAL	37.	3.826	.103	SIG. .009
ADJ R SQUARE	.1486	COEFF OF VARIABILITY		4100.3PCT		

VARIABLE	B	S.E. B	F	SIG.	BETA	ELASTICITY
S	.287	.104	7.634	.009	.41357	-20.63715
CONSTANT	-.170	.078	4.734	.036		

ALL VARIABLES ARE IN THE EQUATION.

CPU TIME REQUIRED.. .079 SECONDS

TOTAL CPU TIME USED.. .098 SECONDS
SPSS/ONLINE AUTO-MODE
?

Previous size (prior to strategic planning) accounted for 96% of the variance in size following strategic planning. Knowing the strategic rank added only one percent to the explained variance, though it was statistically significant (due to directionality rather than magnitude). While previous share no doubt was the best predictor of final share, the ranking (high or low priority) influenced the flow of resources.

Not only was strategic rank statistically significant, and its impact increased in each of the last three years. If this trend persists major resources will soon be shifted from low to high priority programs. In an organization which has very limited ability to shift resources, due to the tenure of faculty, these shifts are even more significant.

The second proposition, that there would be a relatively insignificant movement of resources from low to high priority programs was disconfirmed in this case. Strategic planning turned out to have some teeth to it, and succeeded in significantly shifting resources.

Conclusions and Discussion: Strategy and Environment

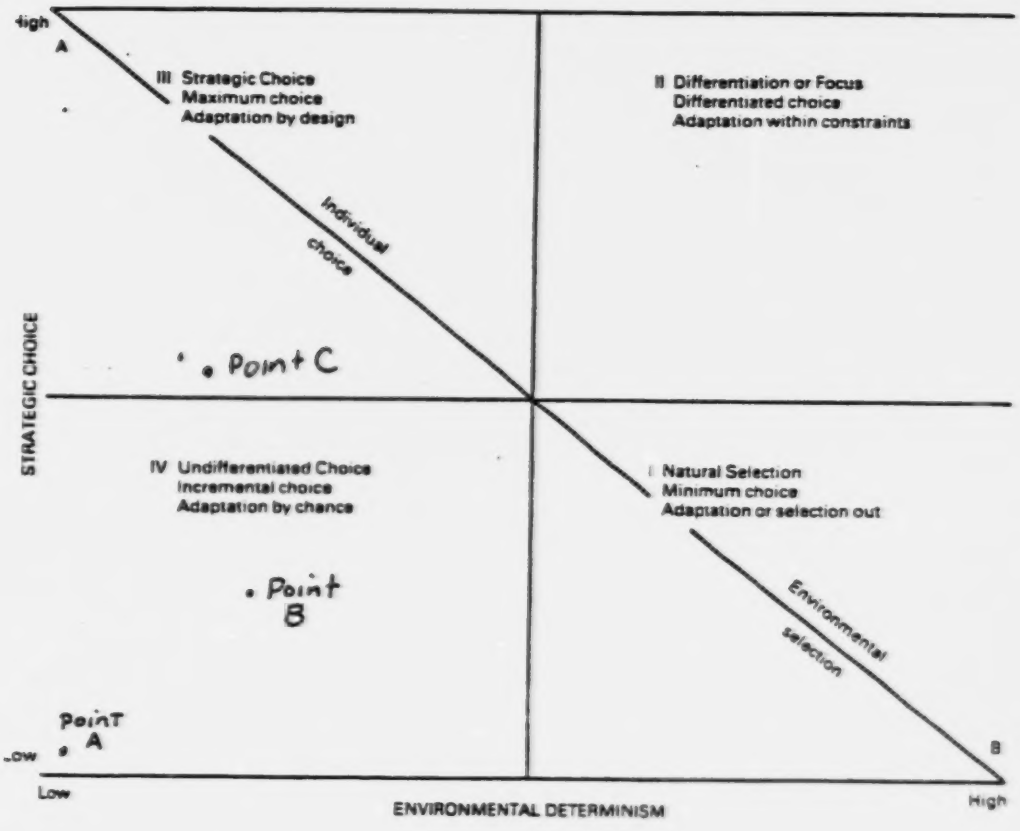
Returning to Joyce and Hrebiniack's graph portraying the relationship of strategic choice and environmental determinism, we can look at the predicted verses the actual outcomes of the case study. The propositions were that anarchic tendencies would prevail and environmental factors would be of low concern, despite the general sense of the increasing importance of the environment for universities, and their increasing employment of strategic planning. Graphically, the expectation was that the type of organizational adaptation exhibited by this case over the past decade, would move, at most, from point A to B.

[insert Figure Two(revised): Relation of Strategic Choices and Environmental Determinism in Organizational Adaptation]

In fact, strategic planning had more impact than predicted- a remarkable impact in the context of the givens of a tenured , decentralized system. What this case revealed was that consensus concerning the criteria to be used to set program priorities did emerge in a college composed of diverse disciplines. This consensus did not center around the resources a unit did or could generate, but rather on the national distinction of programs. The decision makers in the liberal arts college were "virtually unanimous" in their agreement on the priority of quality considerations and on the ranking of programs. In turn, the movement of resources was affected by these priorities, with significant movement from low to high priority programs. Strategic choice played a more significant role than expected. Adaptation was not nearly so much adaptaion by chance.

FIGURE TWO (REVISED)

.. Relation of strategic choices and environmental determinism in organizational adaptation.



Source: Hrebiniak and Joyce, 1985, p.339

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The environment played an important, though highly general role in influencing strategic planning, creating a climate of hard times and the readiness to engage in tough choices - a sense that the college can't be all things to all people and that something will have to be cut. But it did not make faculty more market oriented, and despite this general pressure, there prevailed almost a disdain for the environment and for market criteria in setting program priorities.

The environment did not act, as in quadrants I and II on Figure Two(revised), by setting fairly clear constraints on what the organization could produce; this college had great leeway to negotiate with its environment. It could operate rather independently of external forces and determine what programs it would offer, almost independent of "pricing" and demand. Thus the x coordinate of organizational adaptation remained, as expected, at the low end of the environmental determinism continuum, the environment having little influence in the specifics of program priority setting (Though the environment in general has become more pressing). Graphically these findings are portrayed on Figure Two (revised). Over the decade under consideration, the liberal arts college of this public university moved from Point A to point C, not as expected, to point B.

What this case would suggest for theory is that first,despite the fragmentation of academia and its anarchic properties, there is significant agreement on the primary importance of quality, and on who's got it and who doesn't. This enables strategic direction to emerge without looking carefully at trends and data on the demand for future programs.

The "environment" that counts to faculty is that of the discipline, with its emphasis on scholarship, research publication and placement of graduate students.
The impact of tightening resources was to raise anxiety, focus on adaptation, tighten the ship, but this did not focus people on increasing enrollments (or on other resource generating measures) but on increasing quality- to move *away* from demand as a criteria, from the press of various constituencies, of something for everybody- toward the primacy of quality with reference to the status of the department within the discipline.

It may be that this is an appropriate, and even the most desirable response of a public research university to hard times. Its integrity, and even survival, probably does not lie in paying to close attention to markets and trends. In fact, as many faculty instinctively feel, a university perhaps should not become very concerned with the market, nor spend its resources monitoring it. A university should not be trendy. To this extent much of the private sector strategic planning packages are inappropriate, for they come from organizations whose profits depend on rapid adaptation in a competitive market. Not that much data on the "external" environment is really needed. Rather what is needed is the capacity and resolve of decision-makers to agree on what quality is and to build it.

Epilogue: Whither Planning?

Since the last date considered in this study (June, 1984) major developments have occurred in the planning efforts at the university. In the fall of 1984, the academic vice president took over as interim president, and shortly there after announced his major plan for the university's strategic direction, the Commitment to Focus (CTF). This plan declared that it would be the university's goal to become one of the top five research universities. To achieve this goal it would emphasize its programs of quality. The CTF development encourages on the all university level and hence in various units, the type of program priority setting that was observed to be occurring at the liberal arts college. It is essentially mission driven, even to the point of explicity asking subunits to drop many cost-effective programs, (eg in Continuing Education and Extension) in order to develop more costly ones that serve the graduate/scholarly mission. The assumption is that pricing can be renegotiated with the legislature, that in fact a pact can be developed in which the state will pay more for a unit of instruction to support a higher quality institution. While it still unclear as to the extent to which this direction will take hold (i.e. how it will influence priority setting and resource allocation), it reinforces the notion that the appropriate and perhaps even the desirable response of a university to environmental constraint is paying attention to its quality and not its markets.

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